

NEWS RELEASE



***OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California***

***United States Attorney
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For Immediate Release

NEWS RELEASE SUMMARY - January 28, 2005

United States Attorney Carol C. Lam announced that Christopher James Reed, the Chief Financial Officer of World Express Rx and World Express Processing, was sentenced today in federal district court in San Diego. United States District Court Judge Jeffrey T. Miller sentenced Reed to serve a term of six months in custody, followed by four months in a halfway house, after his plea of guilty to the offense of conspiracy to launder money.

At the time of his plea, on May 21, 2004, Reed admitted that beginning in June 2002, in partnership with Mark Kolowich, he operated a business known as World Express Processing from a location in San Diego, California. Kolowich, the owner of World Express Rx, previously pled guilty to conspiring to sell counterfeit pharmaceuticals, commit mail fraud, and smuggle pharmaceuticals, and conspiracy to launder money. The business of World Express Processing was to process Internet credit card transactions for their clients. All the clients of World Express Processing were Internet pharmacies.

In connection with his plea, Reed admitted that he knew that the Internet pharmacies associated with Mark Kolowich, which were the clients of World Express Processing, were shipping pharmaceuticals to persons within the United States while falsely representing that a physician had reviewed the requests for pharmaceuticals and had issued a prescription prior to shipment. The total dollar value of the financial transactions involved was between \$2.5 and \$7 million during the period from June 2002 through March 2004. The proceeds from the sale of the pharmaceuticals by the Internet pharmacies were processed by a bank and deposited in a Wells Fargo account in San Diego. Financial transactions, in amounts in excess of \$10,000, were then conducted from this account by Reed in order to disburse the funds to the individual Internet pharmacy owners so they could continue to carry out their business.

In addition to the custodial sentence, Reed was ordered to pay a \$2,000 fine, and the court ordered the forfeiture of approximately \$671,000 seized from World Express accounts controlled by Reed.

DEFENDANT

Criminal Case No. 04-CR-1139-JM

Christopher James Reed
San Diego, California

SUMMARY OF CHARGES

Conspiracy to Launder Money, in violation of Title 18, United States Code, Section 1956(h)
Maximum Penalty: 20 years in custody and/or a \$500,000 fine

Criminal Forfeiture, in violation of Title 18, United States Code, Section 981

AGENCIES

Federal Bureau of Investigation
Food and Drug Administration - Office of Criminal Investigations
Internal Revenue Service - Criminal Investigations Division
Immigration and Customs Enforcement, Department of Homeland Security
U.S. Postal Inspection Service
Chula Vista Police Department